

# State of Alaska **Recovery Plan**

## **State Fiscal Recovery Funds** August 2021 Report

Note: This Recovery Plan will provide the public and Treasury information on the projects that Alaska is undertaking with State Fiscal Recovery Funds and how Alaska is planning to ensure program outcomes are achieved in an effective, efficient, and equitable manner.

**State of Alaska  
Recovery Plan  
August 2021**

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GENERAL OVERVIEW

**Executive Summary**

The State of Alaska has appropriated its first tranche of State Fiscal Recovery Funds to address State priorities in response to the Coronavirus pandemic. Provided below is a table of the appropriations, obligations and expenditures made as of July 31, 2021.

<b>Alaska's Full CSFRF Award (both tranches)</b>	<b>\$ 1,011,788,220</b>
Funding Received in First Tranche	\$ 505,894,110

Category	Appropriation/Project	Appropriations	Obligations	Expenditures
Public Health	Public Health COVID-19 Response Costs	\$ 20,000,000	\$ -	\$ -
Public Health	Domestic Violence & Sexual Assault Grants	\$ 8,000,000	\$ 4,317,876	\$ -
Economic Impacts	Food Security Enhancement Projects	\$ 6,000,000	\$ -	\$ -
Economic Impacts	Tourism & Other Business for COVID Relief	\$ 90,000,000	\$ -	\$ -
Economic Impacts	Non-Profits to Offset Revenue Loss	\$ 20,000,000	\$ -	\$ -
Economic Impacts	Grants to Electric Utilities for Delinquent Accounts	\$ 7,000,000	\$ -	\$ -
Economic Impacts	Alaska Seafood Marketing	\$ 7,000,000	\$ -	\$ -
Economic Impacts	Local Governments to Offset Revenue Loss	\$ 50,000,000	\$ -	\$ -
Economic Impacts	Replace Community FY21 Cruise Ship Taxes Loss	\$ 21,230,720	\$ 21,230,720	\$ 21,230,720
Economic Impacts	Replace Community FY22 Cruise Ship Taxes Loss	\$ 21,203,567	\$ -	\$ -
Economic Impacts	Replace Community FY21 Fisheries Taxes Loss	\$ 2,117,872	\$ -	\$ -
Revenue Loss	Fox Springs Improvements	\$ 248,310	\$ -	\$ -
Revenue Loss	FY21 Offset for CPVEC Revenue Loss	\$ 150,000	\$ -	\$ -
Revenue Loss	FY22 UGF Offsets for Revenue Loss	\$ 250,000,000	\$ 494,296	\$ 470,360
	<i>Office of Public Advocacy</i>	\$ 10,000,000	\$ -	\$ -
	<i>Public Defender Agency</i>	\$ 10,000,000	\$ -	\$ -
	<i>Goose Creek Correctional Center</i>	\$ 25,000,000	\$ -	\$ -
	<i>Corrections - Physical Health Care</i>	\$ 25,000,000	\$ -	\$ -
	<i>Alaska State Trooper Detachments</i>	\$ 75,000,000	\$ -	\$ -
	<i>Alaska Wildlife Troopers</i>	\$ 15,000,000	\$ -	\$ -
	<i>Tax Division</i>	\$ 10,000,000	\$ -	\$ -
	<i>Trial Courts</i>	\$ 80,000,000	\$ 494,296	\$ 470,360
	<b>Appropriated Total</b>	<b>\$ 502,950,469</b>	<b>\$ 26,042,892</b>	<b>\$ 21,701,080</b>
	Total Funding Received	\$ 505,894,110		
	Remaining Balance	\$ 2,943,641		
	Appropriated as Percentage of Received	99.4%		

These appropriations are necessary to address the most time sensitive needs within Alaska in response to the pandemic and economic recovery. Tourism recovery was a major focus of efforts because the combined total economic loss from a canceled cruise ship season in 2020 and 2021 amounts to \$6 billion, with 2,180 businesses at direct risk – many of which are small family-owned businesses. Governor Dunleavy pledged to take the necessary steps to help Alaskans by putting forth an aggressive aid package to keep these businesses viable through to the 2022 tourism season.

## Uses of Funds

Plans for the spending of the following appropriations are still in development and there is not further information to share at this time.

Category	Appropriation/Project	Appropriations
Public Health	Public Health COVID-19 Response Costs	\$ 20,000,000
Economic Impacts	Food Security Enhancement Projects	\$ 6,000,000
Economic Impacts	Tourism & Other Business for COVID Relief	\$ 90,000,000
Economic Impacts	Non-Profits to Offset Revenue Loss	\$ 20,000,000
Economic Impacts	Grants to Electric Utilities for Delinquent Accounts	\$ 7,000,000
Economic Impacts	Alaska Seafood Marketing	\$ 7,000,000
Economic Impacts	Local Governments to Offset Revenue Loss	\$ 50,000,000
Revenue Loss	Fox Springs Improvements	\$ 248,310
<b>Appropriated Total</b>		<b>\$ 200,248,310</b>

Further information for the other appropriations is provided below by category.

### Public Health:

Domestic Violence and Sexual Assault Grants – this appropriation is necessary to ensure adequate support for victim service providers as they experience COVID-19 response and mitigation costs and address the social impacts of COVID-19.

COVID-19 spread rapidly around the globe, resulting in unprecedented physical, mental, social, and economic impacts. One social and public health implication of COVID-19 is seen in the impacts on domestic violence. Crisis situations, especially those involving social isolation, only exacerbate the conditions that are known to be risk factors for domestic violence. Early reports have documented alarming rates of increased domestic violence around the world. It is critical to ensure Alaska has the capacity to provide adequate victim services, and address needs as individuals feel safe enough to seek services post-recovery.

### Negative Economic Impacts:

Replace Community FY21 and FY22 Cruise Ship Taxes Loss – tax revenue from commercial passenger vessels is shared with port of call communities. These appropriations are intended to make up for the loss of the Commercial Vessel Passenger (CPV) tax revenue for both fiscal years 2021 and 2022. The language is written so that the amount shared with local governments for each of these years is the same as what was shared for calendar year 2019, less any tax revenues collected. The FY21 tax collections are based on collections in calendar year 2020. Since there were no major cruise ship sailings in Alaska in 2020, there were no tax monies collected. The amount of funds that will be distributed in FY22 depend on tax revenues collected during calendar year 2021. There was a partial cruise ship season in 2021.

Replace Community FY21 Fisheries Business Taxes Loss – fisheries business tax revenue is shared with communities where fishery resources were processed. This appropriation is intended to make up for the loss of fisheries business tax revenue for fiscal year 2021. The language is written so that the amount shared with local governments is the same as what was shared for FY19, less any tax revenues collected. The amount in the appropriation is an estimate and the actual amount needed will not be known until after FY21 closes.

### Revenue Loss:

FY21 Offset for CPVEC Revenue Loss – this funding is necessary to cover a State of Alaska FY21 revenue shortfall in the Commercial Passenger Vessel Environmental Compliance Fund (CPVEC) resulting from a lack of

cruise ship traffic during the 2020 season. CPVEC funds support the activities related to regulating the discharges from commercial passenger vessels operating in Alaska waters.

FY22 UGF Offsets for Revenue Loss – the Alaska legislature appropriated \$250 million to support general government services that would traditionally be supported with the State’s unrestricted general funds to offset losses experienced because of COVID-19. The government services supported by these appropriations include the Office of Public Advocacy, the Public Defender Agency, Goose Creek Correctional Center, Corrections Physical Health Care, Alaska State Trooper Detachments, Alaska Wildlife Troopers, the State Tax Division, and Trial Courts.

## **Promoting Equitable Outcomes / Community Engagement**

Appropriations of this funding were informed by the following information/input.

An April 2021 report from the Alaska Department of Revenue, analyzed the far-reaching impacts to Alaska from cruise ship season cancellations. This includes state tax revenue and the portion of these taxes shared with local communities. This also includes direct impact to tourism, leisure, and hospitality business, as well as secondary impacts to other business in communities where tourism plays a significant role in the local economy.

A letter from the Alaska Municipal League Executive Director to the legislature, specifically highlighted the importance of a hold harmless provision for communities related to shared commercial passenger vessel and fish taxes.

A letter from the Alaska Native Heritage Center President and CEO to the Governor, highlighted the impact of COVID on Alaska-based cultural tourism operators. The letter references research that shows more than 51 percent of all visitors to Alaska participate in cultural activities.

On Friday April 9, 2021 Governor Mike Dunleavy proposed relief for the 2021 Alaska tourism season. Alaska was anticipated to welcome 1.3 million tourists by cruise ship before the pandemic. The combined total economic loss from a canceled cruise ship season in 2020 and 2021 amounts to \$6 billion, with 2,180 businesses at direct risk – many of which are small family-owned businesses. Governor Dunleavy pledged to take the necessary steps to help Alaskans by putting forth an aggressive aid package to keep these businesses viable through to the 2022 tourism season.

Governor Dunleavy directed Lt. Governor Kevin Meyer to travel through the State to listen to community and business groups to gauge their needs and report their findings to the legislature. Starting on April 19<sup>th</sup> and continuing through May 3<sup>rd</sup>, the Lt. Governor began conducting meetings with affected groups and individual businesses. In person meetings were held in Juneau, Sitka, Ketchikan, Kodiak, Healy, Fairbanks, Anchorage, and Nome. Zoom meetings were held with groups from Hoonah, Juneau, Anchorage, Valdez, Skagway, Whittier, Homer, Wasilla, Haines, Unalaska, Cordova, Tok, Seward, and Petersburg.

The appropriations of this funding also went through the regular legislative budget process, which is informed by public comment and input from other special interest groups.

Again, many of the programs from appropriations to address these needs are still in development and further details on promoting equitable outcomes and community engagement are not available at this time.

## **Labor Practices**

Alaska has not appropriated any of its State Fiscal Recovery Funds on infrastructure projects and has no related workforce practices to describe.

## **Use of Evidence**

Many of the programs from appropriations of this funding are still in development and further details on use of evidence-based interventions are not available at this time.

### Table of Expenses by Expenditure Category

The table below provides cumulative expenses as of July 31, 2021 by Expenditure Category, which were established by Treasury for reporting. The table also provides the additional amount spent within each category since the last annual Recovery Plan. For this, the initial Recovery Plan, the amounts listed for “Cumulative expenditures to date” and “Amount spent since last Recovery Plan” are equal.

Alaska deleted unused Expenditure Categories from the table.

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
2	Expenditure Category: Negative Economic Impacts		
2.13	Other Economic Support	\$21,230,720	\$21,230,720
6	Expenditure Category: Revenue Replacement		
6.1	Provision of Government Services	\$470,360	\$470,360
7	Administrative and Other		
7.3	Transfers to Other Units of Government	\$0.00	\$0.00
7.4	Transfers to Nonentitlement Units	\$0.00	\$0.00

### Project Inventory

Project 062222601: Public Health COVID-19 Response Costs

Funding Amount: \$20,000,000

Project Expenditure Category: 1 Public Health – detail categories still to be determined

Project Overview:

- The details behind this appropriation are still in development and this will likely be broken into different Public Health projects still to be determined.

Use of Evidence:

- The use of evidence is still to be determined.

Project 12ARPAC00: Domestic Violence & Sexual Assault Grants

Funding Amount: \$8,000,000

Project Expenditure Category: 1.12 Other Public Health Services

Project Overview:

- This funding supports grants to community partners providing Victim/Enhanced Services
- Victim/Enhanced Services are critical emergency and safety programs that intervene in life-or-death situations
- Shelter services make-up 30% of victim services provided
- Other Services provided include individual advocacy, individual counseling, and crisis intervention
- In FY19, 33% of victims served were Alaska Native
- Shelter costs increased in FY20 due to social distancing and mitigation factors requiring more expensive overflow beds in rented apartments and hotel rooms and this trend is anticipated to continue
- These grants are administered by the Alaska Council for Domestic Violence and Sexual Assault
- <https://dps.alaska.gov/CDVSA/Home>

Project 110321069: Food Security Enhancement Projects  
Funding Amount: \$6,000,000  
Project Expenditure Category: 2.1 Household Assistance: Food Programs  
Project Overview:

- The details behind this appropriation are still in development.

Use of Evidence:

- The use of evidence still to be determined.

Project 088391269: Tourism & Other Businesses COVID Relief  
Funding Amount: \$90,000,000  
Project Expenditure Category: 2.9 Small Business Economic Assistance  
Project Overview:

- The details behind this appropriation are still in development.

Use of Evidence:

- The use of evidence still to be determined.

Project 088381269: Non-Profits to Offset Revenue Loss  
Funding Amount: \$20,000,000  
Project Expenditure Category: 2.10 Aid to Nonprofit Organizations  
Project Overview:

- The details behind this appropriation are still in development.

Use of Evidence:

- The use of evidence still to be determined.

Project 088411269: Grants to Electric Utilities for Delinquent Accounts  
Funding Amount: \$7,000,000  
Project Expenditure Category: 2.11 Aid to Other Impacted Industries  
Project Overview:

- The details behind this appropriation are still in development.

Project 082001269: Alaska Seafood Marketing  
Funding Amount: \$7,000,000  
Project Expenditure Category: 2.11 Aid to Other Impacted Industries  
Project Overview:

- The details behind this appropriation are still in development.

Project 088391269: Local Governments to Offset Revenue Loss  
Funding Amount: \$50,000,000  
Project Expenditure Category: 2.13 Other Economic Support  
Project Overview:

- The details behind this appropriation are still in development.

Use of Evidence:

- The use of evidence still to be determined.

Project 04CPV1269: Replace Community FY21 & FY22 Cruise Ship Taxes Loss  
Funding Amount: \$42,434,287  
Project Expenditure Category: 2.13 Other Economic Support

Project Overview:

- The amount of this appropriation is an estimate intended to make up for the loss of the Commercial Vessel Passenger (CPV) tax revenue shared with port of call communities for both fiscal years 2021 and 2022 (FY21 & FY22).
- The language is written so that the amount shared with local governments for each of these years is the same as what was shared for calendar year 2019, less any tax revenues collected. The FY21 tax collections are based on collections in calendar year 2020.
- Since there were no major cruise ship sailings in Alaska in 2020, there were no tax monies collected.
- The amount of funds that will be distributed in FY22 depend on tax revenues collected during calendar year 2021. There was a partial cruise ship season in 2021, details behind this appropriation are still in development.

Project 04FBT1269: Replace Community FY21 Fisheries Business Taxes Loss

Funding Amount: \$2,117,872

Project Expenditure Category: 2.13 Other Economic Support

Project Overview:

- The amount of this appropriation is an estimate intended to make up for the loss in FY21 of the Fisheries Business tax revenue shared with communities where fishery resources were processed.
- The language is written so that the amount shared with local governments is the same as what was shared for fiscal year 2019, less any tax revenues collected.

Project 2521FOXSI: Fox Springs Improvements

Funding Amount: \$248,310

Project Expenditure Category: 6.1 Provision of Government Services

Project Overview:

- Fox Springs is a state-owned, state-maintained facility that provides free potable water to about 2,000 local residents year-round in the northern region of Alaska.
- The Springs have seen significant demand throughout COVID as seen in the second attachment and facility improvements are needed.
- The details behind this project are still in development.

Project 181721269: FY21 Offset for CPVEC Revenue Loss

Funding Amount: \$150,000

Project Expenditure Category: 6.1 Provision of Government Services

Project Overview:

- This funding is necessary to cover revenue shortfall in the Commercial Passenger Vessel Environmental Compliance Fund (CPVEC) in FY21 resulting from a lack of cruise ship traffic during the 2020 season.
- CPVEC funds support the State's activities related to regulating the discharges from commercial passenger vessels operating in Alaska waters.

Project 1271MULTI: FY22 UGF Offsets for Revenue Loss

Funding Amount: \$250,000,000

Project Expenditure Category: 6.1 Provision of Government Services

Project Overview:

- This funding supports general government services that would traditionally be supported with the State's unrestricted general funds to offset losses experienced because of COVID-19.
- The government services supported by these appropriations include the Office of Public Advocacy, the Public Defender Agency, Goose Creek Correctional Center, Corrections Physical Health Care, Alaska State Trooper Detachments, Alaska Wildlife Troopers, the State Tax Division, and Trial Courts.

Performance Report

A majority the programs from appropriations of this funding are still in development and appropriate performance measures will depend on decisions made during the development process. Therefore, further details on for this section are not available at this time.

Ineligible Activities: Tax Offset Provision (States and territories only)

For the initial reporting year, States are required to report the following items related to the Tax Offset Provision 31 CFR 35.8. Baseline revenue or revenue-increasing covered charges are not required at this time.

Item	Amount
a. Revenue-reducing Covered Changes	\$0.00